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SENATE BILL 3139 By  
Herron

HOUSE BILL 3199  
By Odom

AN ACT to amend Tennessee Code Annotated, Title 56; Title 67  
and Title 71, relative to the health insurance arrangements  
of employers and employees.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. To the extent permitted under federal law, any employee who is enrolled in the TennCare program on the effective date of this act but who is ineligible to be so enrolled, shall have until September 1, 2000 to voluntarily request disenrollment from the program. Any such ineligible employee who fails to so disenroll himself or herself from TennCare within such period shall be subject to any criminal penalties for fraud or theft as may be appropriate and any program penalties as may be provided by law.

SECTION 2. To the extent permitted under federal law, any health insurance issuer and any employer who offers a group health plan subject to the provisions of Tennessee Code Annotated, Title 56, Chapter 7, Part 28, or any agent of such entities, that has failed to enroll an otherwise eligible individual in such group health plan in violation of Tennessee Code Annotated, Section 56-7-2804(a), and has referred such individual to the TennCare program for health plan coverage, shall have until September 1, 2000 to offer to enroll such individual in the group health plan from which the individual was excluded without incurring a penalty.

SECTION 3. On and after September 1, 2000, any health insurance issuer and any employer who offers a group health plan subject to the provisions of Tennessee Code Annotated, Title 56, Chapter 7, Part 28, or any agent of such entities, that has failed to enroll an otherwise eligible individual in such group health plan in violation of Tennessee Code Annotated, Section 56-7-2804(a), and has referred such individual to the TennCare program for health plan coverage, shall be subject to a civil penalty, not to exceed twenty thousand dollars (\$20,000), imposed by the commissioner of commerce and insurance for such violation. Any such penalty shall be in addition to any other penalty imposed by law.

SECTION 4. In assessing any civil penalty under this act, the commissioner of commerce and insurance shall consider relevant factors including, but not limited to, the willfulness of the violation and the costs incurred by the department to enforce provisions of this act. The commissioner shall adopt a procedure for imposing the penalty by rule promulgated in accordance with the provisions of Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 5. This act shall take effect July 1, 2000, the public welfare requiring it.